

DEPARTMENT OF THE NAVY  
FAMILY HOUSING - FY 2005 BUDGET ESTIMATE  
NAVY AND MARINE CORPS LEASING

(In Thousands)  
FY 2005 Program \$136,883  
FY 2004 Program \$137,010

Purpose and Scope

This program provides payment for the costs incurred in leasing family housing units for assignment as public quarters.

Program Summary

	FY2003			FY2004			FY2005		
	Auth Units	Avg Units	Cost (\$000)	Auth Units	Avg Units	Cost (\$000)	Auth Units	Avg Units	Cost (\$000)
Domestic	3,333	961	14,216	3,333	778	12,794	3,333	531	9,502
Navy	3,208	836	12,431	3,208	778	12,794	3,208	531	9,502
MarCps	125	125	1,785	125	0	0	0	0	0
801	5,347	3,014	45,117	5,347	3,014	45,293	5,347	3,014	46,427
Navy	4,747	2,414	35,942	4,747	2,414	35,976	4,747	2,414	37,134
MarCps	600	600	9,175	600	600	9,317	600	600	9,293
802									
MarCps	276	276	592	276	276	601	276	276	614
Foreign	4,229	2,566	68,267	4,229	2,744	78,322	4,229	2,845	80,340
Total-Don	13,185	6,817	128,192	13,185	6,812	137,010	13,185	6,666	136,883

JUSTIFICATION

Domestic Leasing Program Summary: The domestic leasing program is authorized in 10 USC 2828 as amended, which limits the number of units authorized at any one time and specifies the maximum cost limitation. This program consists of leasing on an interim basis until Section 801, military construction (MILCON) units, and homes undergoing revitalization come on line.

Section 801 of the FY 1984 Military Construction Authorization Act (PL 98-115) authorized the Department of Defense to enter into agreements for the leasing of Military Family Housing units on or near military installations within the United States. This authorization was considered a test and would have expired upon execution of contracts no later than 1 October 1985. The Navy sites chosen for testing Section 801 were Norfolk, Virginia, and Earle, New Jersey. The Section 801 program was made permanent and codified as Section 2835 of Title 10, United States Code, in FY 1992. The Navy has awarded contracts for Section 801 projects at Norfolk, VA (300 units), Earle, NJ (300 units), Mayport, FL (200 units), Staten Island, NY (1,000 units), Washington, DC (600 units), Washington, DC (Summerfield-414 units), Port Hueneme/Point Mugu, CA (300 units), Pensacola, FL (300 units), and Twentynine Palms, CA (600 units). The Staten Island, NY (1,000 units) project was terminated due to base closure.

Section 802 of the FY 84 Military Construction Authorization Act (PL 98-115, 10 U.S.C. 2821 note) authorizes the Department of Defense to enter into agreements for the leasing of Military Family Housing units on or near military installations within the United States. The Department of the Army, awarded this project in 1992 under U.S. Army Garrison, Hawaii (USAG-HI). The authority transferred to the Marine Corps on 1 Oct 1998. The Marine Corps took over a Section 802 contract at MCB Hawaii for 276 units.

#### Domestic Leasing Fiscal Year Summary:

FY 2003 - The domestic lease program consists of 4,251 units requiring funding of \$59.925 million. Funding in the amount of \$45.117 million provides full funding for Section 801 projects at Earle, Norfolk, Mayport, Washington, DC, Pensacola, Port Hueneme and Twentynine Palms. The remaining \$14.217 million is required to support domestic short-term leases in Norfolk, VA; San Diego, CA; and Everett, WA; and includes \$.592 million for Section 802 Marine Corps project, and \$10.042 million for 700 leases for recruiters at high-cost locations not supported by a military installation.

FY 2004 - the domestic lease program consists of 4,068 units requiring funding of \$58.688 million. Funding in the amount of \$45,293 million provides full funding for Section 801 projects at Earle, Norfolk, Mayport, Washington, DC, Pensacola, Port Hueneme and Twentynine Palms. The remaining \$13.395 million is required to support domestic short-term leases in Norfolk, VA; San Diego, CA; and Everett, WA; and includes \$.601 million for Section 802 Marine Corps project, and \$11.396 million for 700 leases for recruiters at high-cost locations not supported by a military installation.

FY 2005 - the domestic lease program consists of 3,821 units requiring funding of \$56.543 million. Funding in the amount of \$46.427 million provides full funding for Section 801 projects at Earle, Norfolk, Mayport, Washington, DC, Pensacola, Port Hueneme and Twentynine Palms. The remaining \$10.116 million is required to support domestic short-term leases in Everett, WA; and includes \$.614 million for Section 802 Marine Corps project, and \$9.285 million for 500 leases for recruiters at high-cost locations not supported by a military installation.

Foreign Leasing: Leasing in foreign countries is authorized in 10 USC 2828, which limits the number of units authorized at any one time and specifies the maximum cost limitation.

The FY 2003 unit authorization consists of 4,229 units and funding for 2,566 of those units. The authorization difference of 1,663 is to support lease initiatives at Naples, La Maddalena and Sigonella, Italy and Larissa, Greece.

The FY 2004 unit authorization consists of 4,229 units and funding for 2,744 of those units. The authorization difference of 1,485 is to support lease initiatives at Naples, La Maddalena and Sigonella, Italy and Larissa, Greece.

The FY 2005 unit authorization consists of 4,229 units and funding for 2,845 of those units. The authorization difference of 1,384 is to support lease initiatives at Naples, La Maddalena and Sigonella, Italy and Larissa, and Greece.

#### Reconciliation of Increases and Decreases:

1. FY 2004 President's Budget Request	132,433
2. FY 2004 Appropriated Amount	130,710
3. FY 2004 Current Estimate	130,710
4. Pricing Adjustment	2,091
a. Inflation	(2,091)
5. Program Increases	4,082
a. New units coming on line at Naples, Sigonella and La Maddalena	(4,082)
6. FY 2005 Budget Request	136,883